

Date: 30th November, 2016

To,
The General Manager,
Dept. of Corporate Services,
BSE Ltd.
Mumbai

Scrip Code: 506194 (Arihant Superstructures Ltd)

Sub: Disclosure of Material Events/Information under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sub: Transcript of Earning Conference call held on 15.11.2016

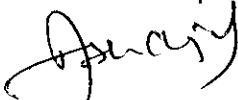
In compliance with regulation 30 of SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to submit the **transcript of Earning Conference Call** held on 15.11.2016.

The same will be uploaded on the website of the company.

This is for your information and record

Yours faithfully

For Arihant Superstructures Ltd.



Ashok Chhajjar
Chairman & Managing Director



“Arihant Superstructures Limited Q2 H1 FY 2017 Earnings Conference Call”

November 15, 2016



MANAGEMENT:

**MR. ASHOK CHHAJER -- CHAIRMAN AND MANAGING DIRECTOR,
ARIHANT SUPERSTRUCTURES LIMITED**

**MR. UMESH JHAWAR -- VICE PRESIDENT OF STRATEGY AND INVESTOR
RELATIONS, ARIHANT SUPERSTRUCTURES LIMITED**

Moderator: Good day, ladies and gentlemen, and a very warm welcome to the Arihant Superstructures Q2 and H1 FY 2017 Earnings Conference Call. As a remainder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone.

I now hand the conference over to Mr. Umesh Jhawar -- Vice President of Strategy and Investor Relations. Thank you and over to you, Sir!

Umesh Jhawar: Thanks, Ali. Welcome, everyone and thank you for joining us for the Q2 FY 2017 results ended on 30th September, 2016 earnings call for Arihant Superstructures. I am Umesh Jhawar and I take care of Strategy and Investor Relations at Arihant Superstructures Limited.

Please note, that the Results and Presentations have been mailed and you can view these on our website and also on the BSE. To take us through the results and to answer your questions today, we have Mr. Ashok Chhajer -- Chairman and Managing Director of Arihant Superstructures Limited.

We will be starting this call with a brief presentation giving an overview of the Company's performance followed by Q&A session.

I would like to remind that, everything said on this call that reflects any outlook for the future and which can be constitute as a forward-looking statement must be viewed in conjunction with uncertainties; and the risk that we face that uncertainties and other risk are included but not limited to what we have mentioned in the prospects filed with SEBI and in subsequent Annual Reports, you can find on our website.

With that said, I would now turn the call over to Mr. Ashok Chhajer. Over to you, Sir!

Ashok Chhajer: Thank you. Well, the world is going into an different mode of denomination changes and, etc. and I welcome everybody on the earnings call Q2 for financial year 2017.

Firstly, with the numbers. Though the real estate sector has been on the downward side but the company Arihant has been having an CAGR progressive 2Q 2016 as well as Q1 2017. Total revenues were Rs. 348 million compared to Rs. 235 million during the Q2 FY 2016, resulting in an increase of 48%. EBITDA stood at Rs. 84 million translating to a margin of 24%. Net profits stood at Rs. 37 million and compared to Rs. 32 million of Q1 FY 2016 and with a growth of 15%. We have achieved a total sales of 140 units having a sellable area of around 1,18,186 square feet with an average realization for Mumbai of Rs. 4,541 and an average realization of Rs. 2,730 for Jodhpur, Rajasthan.

The bifurcation of sales for Mumbai is around 90,000 square feet and for Jodhpur is around 30,000 square feet.

We would like to straight away throw away the lines open for Question-and-Answer Session so, that it can be a more interactive one. Could you please log-in for any further discussions?

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the Question-and-Answer Session. We will take the first question from Abhishek Bhandari from Macquarie. Please go ahead.

Abhishek Bhandari: Pardon, my ignorance but if you could just help us understand broadly briefly your business model and how you are different from some of the smaller developers in the small markets where the elements of cash are much higher? So, if you could just elaborate? The reasons I am asking, as you know de-monetization is a significant thing happening right now and there is a fear wide spread fear that the slowdown in the smaller towns would be higher compared to the urban markets? Thank you.

Ashok Chhajer: With respect to the comparison of how we are able to generate up and profitability when compared to the market on the downward side because of the strategies which have been adopted by the company and the management since last three years to four years and that is what it is resulting into. The projects taken across by Arihant at different levels are around 13 projects to 14 projects on going and wherein approximately only 25% of the revenue recognition of the projects have already happened and due to the progressive sales which we have done in the last financial year which we talked around 1,200 flats of sale that is yielding us revenues. This year till today, till two quarters it had been an moderate one and we are confident of scaling it up in the next two quarters. With respect to the black money component in the affordable housing segment, I would like to state that there has been no black money in the affordable housing and the budget housing section since last almost more than a decade and may be even in Tier-II city or Tier-I city and that is where we are having our edge compared to the developers in the same region of affordable housing where some of them are inclined towards taking cash and whereas in common man who is service class who buys his house, he does not have an contribution more than 4% to 5% to 6% of his own, and plus stamp duty contribution so, a maximum contribution of 10% and that is what is yielding us revenues as with the 10% contribution in say example Rs. 40 lakhs of flat is there or Rs. 20 lakhs flat he is capable of shelling out Rs. 2 lakhs to Rs. 4 lakhs only and that has to be towards in the owners contribution reflecting in the books whereas person is taking cash he has to shell out more than that so, that compounds to 20% to 30% where these segment people do not invest because they do not have that contribution of 25% to 30% this is the edge where Arihant is having that they due to the full check payment from the last almost more than two decades prior even the public listed platform which has yielded us good credentialed. Yes, Abhishek would you like to elaborate us?

Abhishek Bhandari: Yes sir, thank you for the detailed explanation. On a related thing given significant clam down and more expectation further action by Mr. Modi, do you think that the land prices could

actually see significant correction specially in the markets you work in which would actually be working out in your advantage if you were to do new joint ventures or new acquisitions going forward?

Ashok Chhajer:

Right now since last one year or so, if we see the market has already seen downward trend and due to which asset light model has been the flavor of the industry and developers themselves who are un-capable of taking up the project implementation and sales have been offering it up the project to developers to as in JV deal as in joint venture deal and that is how we embark to Arihant Clan Aalishan also where the land was hold by clan and under the asset light model for the next one year to two years still there will be more to come and with the de-monetization yes, there looks to be an little variation in the say land prices also but over and above as an human mentality people would may try to have an edge over the price due to the additional tax burden which they will be shelling out when they will be selling out in full cheque payment and as such, when we talk about agricultural lands there was no tax component to the agriculture that is how Arihant acquired lands at full check payment way long back in the year 2010, 2011, 2012 and as there is no tax component to the agriculture, see if you your bank is from agriculture unless you buy it from an investor, the investor was earlier asking for cash, today it is not there it is very good sign and I see that the organized developers would have an position what they have invested in the last couple of years or decades and there will be an due to this turmoil I will call it as turmoil there would be a lot of filter in terms of developers of small scale and not having good practices will exit the market or will enter into an revenue sharing or in joint venture deal.

Moderator

Thank you. The next question is from Sagar Karkhanis from Nirmal Bang. Please go ahead.

Sagar Karkhanis:

Sir, could you share some light on the land bank that we have in Panvel, MMR, and in New Bombay?

Ashok Chhajer:

Yes, there is an pie chart where area wise the Kharghar and Navi Mumbai is comprising of 18% of the 12 square feet of construction which is in hand, in addition to the other lands which are in pipeline. I will first talk about the constructible area which is ongoing in phase wise manner so, Kharghar and Navi Mumbai comprises of 18%, MMR region that comprises of 24%, Panvel comprises of 24%, Thane comprises of 2% and Jodhpur comprises of 31%. So, this is with respect to all 14 projects which are on the shelf and which are under construction on phase wise manner and which would be saying revenue recognition in the coming two years to three years to a larger scale and with respect to areas, out of the Rs. 12 million it can be divided accordingly with this percentage. It is there on the pie charts. It is available on the website of our company.

Sagar Karkhanis:

Yes, so the pie chart in the Investor Presentation mention 24% in MMR and 24% in Panvel, right?

- Ashok Chhajer:** Yes.
- Sagar Karkhanis:** So, that means out of Rs. 12 million around Rs. 6 million will be in MMR and Panvel correct?
- Ashok Chhajer:** Perfect.
- Sagar Karkhanis:** So this is calculated using what FSI and what could be the incremented changes we could see in the FSI regulation in MMR and Panvel?
- Ashok Chhajer:** There would not be any micro level changes in the FSI in these regions because these are all approved plans and where building permissions have been granted, we do not foresee any increase in FSI in these projects.
- Sagar Karkhanis:** So, when you say Rs. 3 million in Panvel and Rs. 3 million in MMR that is calculating what FSI rate sir?
- Ashok Chhajer:** FSI rate, okay. The rate of FSI was around in Panvel it would be Rs. 75 per square feet for the land and for the government component which we would be giving would be Rs. 800 so, it would be Rs. 875 square feet for Panvel region where the sale price is Rs. 6,500 per square feet and for the MMR region, the land price is around Rs. 200 per square feet to Rs. 250 per square feet where the FSI cost is Rs. 200 square feet to Rs. 250 square feet and the sale price in MMR region is around Rs. 3,000 square feet to Rs. 3,200 square feet.
- Sagar Karkhanis:** No, sorry, not the cost sir, like if I have a 1,000-square meter plot in Panvel or MMR, how much can I....
- Ashok Chhajer:** These are projects which are having FSI 1 in MMR region and in Panvel it is 4 FSI.
- Sagar Karkhanis:** 4 you said in Panvel?
- Ashok Chhajer:** Yes,
- Sagar Karkhanis:** And we have exhausted all the FSI in this development of Rs. 3 million and Rs. 3 million?
- Ashok Chhajer:** No, this consists of the complete exhaust FSI which would be there we have exhausted all the FSI, yes.
- Moderator** Thank you. The next question is from Nilesh Karani from Magnum Equity Broking. Please go ahead.

- Nilesh Karani:** Sri, just to understand the roadmap ahead for next two quarters probably out of this whatever you said turmoil, sir, how can we see our company where we will be stand like what do you expect after this all this episode of de-monetization and all?
- Ashok Chhajer:** Well sentiments for the next two quarters would be bad I would say. It would take a lot of efforts to change people's mind and recognize them that there is an way ahead because of the liquidity which would be coming into the market and betterment for the housing loan buyer, house loan buyer as well as developer but yes, for the next two decades we can call it as a risk which was as an natural calamity it is not natural, it is of the same CAGR since, style of calamity. We will have to overcome with this, with the extra efforts and try to do best because the product line which we are having had already been with full cheque payment and which was in the affordable and budget segment due to which I do not think there is any change in the configuration of the product line but yes, sentiments will affect.
- Nilesh Karani:** Yes, so, just generally, can you just tell us what kind of growth you see now for this financial year?
- Ashok Chhajer:** I today would not be able to because of the whole things happening, it is very hard to evaluate anything today, it would be only be 200% effort to be taken so that we achieve the best results.
- Moderator** Thank you. The next question is from Manish Uthsav from Nirmal Bang. Please go ahead.
- Manish Uthsav:** My question again on the new announcement of de-monetization. So, in terms of there are three aspect of our business, one is land purchase second is your demand outlook and third is execution of projects because a lot of labor involved and that labor payment is also into cash from the sub-contractor to the labor. So, how these things will be impacted in terms of degree of impact, I mean, which is the highest impacted according to your assessment?
- Ashok Chhajer:** When scrolling down to the labors or the people at the very bottom-line, I think the Government of India and our dearest Prime Minister is taking well care of them. So, that they do not find hindrance in their routine life and I do not think it would be any difficulty for the sub-contractors to make their payments to the labors. At the most, there would be an effort for them to open up the bank accounts and which in due course would be nice. But as it is seen if you ask any one person it generally tell that they have either accounts through NERGA or they have already opened up accounts to Jan-Dhan Yojana's it is only about their utilization and habit to be practiced that a cheque or a money transfer is also an model. I do not find any difficulties in terms of implementing issue of the project.
- Manish Uthsav:** Okay. And secondly, sir this entire the demand outlook, further impacted significantly or when the demand will pull back to, there may be possibility of rate cuts and which may pull back some demand?

- Ashok Chhajer:** Demand as government of India themselves has logged to the world map that x number of houses are required in India to house max or 100% of the people so, the demand is already existing, the designs and the rates are to be matching to them so, that and houses for all dream of Prime Minister can be true and I think it is on the same line that there would be an rate cut if required to initially pull them in and once the ball starts rolling after the liquidity getting into the system, I think there is an very good days ahead for the real sector in per say after five months to six months it is one of the upward trend which you will be seeing it across in the real estate and prominently mainly into the region of Navi Mumbai as Navi Mumbai has a lot of infrastructure development going by the government which is more than Rs. 1 lakh crores and when we see about three cities which are being promoted, first in the top-line goes to Amravati by N. Chandrababu Naidu then second is Navi Mumbai by our Chief Minister Mr. Fadnavis and the third is Chennai, the rest of the cities when we talk about Delhi, Bangalore, Hyderabad, it is already seeing a lot of pollution people have not been able to live over there or the congestion and etc., so, next two decades at least, I see these three cites would top in the charts in terms of real estate destinations of investments as well as living.
- Moderator** Thank you. We have the next question is from Nandesh Shah from Nirmal Bang Securities. Please go ahead.
- Nandesh Shah:** My question is related to cruelty we have a debt-equity ratio of around three times so, are there any plans to raise any money via equity?
- Ashok Chhajer:** Well of the construction purpose in terms of construction loans, construction project loans we are open to it and if required we will be rising; but as until today right now what we see the ongoing projects they are into a motion where already sales have occurred and the working capital issue would not be there in the projects which are ongoing.
- Nandesh Shah:** Okay. And sir, one of our largest project in Mumbai areas which can be considered as the luxury project which is Arihant Clan Aalishan, can you throw some light on it?
- Ashok Chhajer:** This is the tallest tower of Navi Mumbai as on today with 53 levels 185 meter and at one of the functions forth night ago, it was selected as the best designed project in the reign of MMR and Honorable Chief Minister had awarded us for the design factor at an pre-function of Navbharat and it is on Persian theme and it is already being a nice bite further in the platter which we have and which has been even appreciated by the developers in and around, it has an size of 1 BHK, 2 BHK and 3BHK combination where ticket size is around from 75 lakhs to Rs. 1.5 crores where we sold around 200 flats at the opening at the March year 2016. Most of the projects are ongoing the Arihant Anshula project all the 25 buildings are under construction at one go, so the whole project would be completed in its timeline at one go, we are getting ready with the ready possession products also which would be a flavor in the coming days. So, over and above when we see about how projects would map out they selected out the most desirable

location and speeding out construction in those locations may be including even Jodhpur, Arihant Anchal which we sold 432 units in the February 2016, all the 18 building 504 flats today, all 18 buildings are undergoing construction at one go and at a very fast marvelous speed.

- Nandesh Shah:** Okay. So, what kind of revenue can we expect from Arihant Aalishan?
- Ashok Chhajer:** Aalishan total top-line would be around Rs. 900 crores by six years to seven years.
- Nandesh Shah:** Six year to seven years, okay. And in the initial launch we have sold around 210 flats?
- Ashok Chhajer:** 210 flats, we saw a little correction by...
- Nandesh Shah:** The 210 flats which we had sold during the launch phase was in the month of Feb correct?
- Ashok Chhajer:** It was in month of March.
- Nandesh Shah:** In the month of March, can you give us some idea of what kind of sales you are seeing in the June and the September quarter for 2016?
- Ashok Chhajer:** For 2016 this quarter for this project for Arihant Aalishan, total 13 flats have been sold in this quarter.
- Nandesh Shah:** Okay. And the amount garnered?
- Ashok Chhajer:** It is 1,43,445 square feet and amounts works to be 11 crores. There has been a bit slow down in high CAPEX side this time we did very well in project Arihant Anshula which is an ticket size below Rs. 40 lakhs so, in the last six months - seven months, we have witnessed 797 flat sales in one project of Arihant Anshula.
- Nandesh Shah:** Arihant Anshula, okay.
- Moderator** Thank you. The next question is from Rahul Jain Rahul Jain from Systematix Shares. Please go ahead.
- Rahul Jain:** Firstly, if you could share what is the square feet area sold in the first-half of this year versus corresponding period in the last year?
- Ashok Chhajer:** This quarter we have sold 1,18,186 square feet and the first quarter we sold 168 square feet so something around 3,00,000 square feet we have sold and which turns out to be approximately 300 flats number.

- Rahul Jain:** And the corresponding period last year would be around?
- Ashok Chhajer:** That I do not figures, we can get back to you, I can e-mail you those numbers.
- Rahul Jain:** But last year full year we sold around 0.6%.
- Ashok Chhajer:** Last year fully, we sold 1,157 units and I think it was something around 12 lakh square feet.
- Rahul Jain:** 12 lakhs square feet?
- Ashok Chhajer:** Yes.
- Rahul Jain:** So, that means 1.2 million for the year versus 0.03 in first-half of this year?
- Ashok Chhajer:** First-half, yes.
- Rahul Jain:** So, do we see there are launches or any other reasons for which we can think that this year could also come up closer to what we saw last year?
- Ashok Chhajer:** We have two projects which are yet not launched that is Arihant Akanksha and Arihant Anaika. Seeing the market situations we try to do it, we had our programs earlier but for the month of November and December, we have postpone the date seeing the current scenario may be if things are favorable we will be looking forward in the month of February and March.
- Rahul Jain:** Okay. Our channel checks suggest especially in the Navi Mumbai region that the prices are coming off in the resale market, are we seeing the similar thing in the new launches as well?
- Ashok Chhajer:** Today whatever would be sold at right rate or at a lesser rate only we will be selling that is why we also drop down our prices from the last two years and to the tune of somewhere 10% to 15% and that is why were yielding results, as well as that is why we are getting sales today. And we will be adopting the same strategy for sales we will not be working out to rates, we will be keeping selling and may be 2% - 3% - 4% - 5% plus or minus we do not mind about it. That is our strategy today to sell.
- Rahul Jain:** This 10% -15% cut are you talking about on the same project or different project in the same may be?
- Ashok Chhajer:** Across the projects.
- Rahul Jain:** So, the same project which we would be selling at 100 two years ago, and the same project the new buyer is getting as 0.85 - 0.9.

- Ashok Chhajer:** Truly, Yes, Anshula we sold at Rs. 4,500 around one and half years - two years today we are selling at Rs. 3,7500 and Rs. 4,000 per square feet.
- Rahul Jain:** But do this price cut benefits are even shared by some of the earlier investors?
- Ashok Chhajer:** No, it is not, no prices have been revived for the alloy purchases, it has to be taken as a sold product line so, we are not again restructuring or revising the prices for flats which have been sold.
- Rahul Jain:** Okay. And since, we have been adjusting, re-aligning to the market, I think which is very rare, I should appreciate your thoughts on that because most of the developer we have seen the kind of just keep on increasing the prices irrespective of the fact that it affects their velocity of sales....
- Ashok Chhajer:** True. See ground reality is that today, you have to decrease advertisers and that are the reality, it is better how fast you get come straight into the reality.
- Rahul Jain:** And what is the average cost of construction right now for us?
- Ashok Chhajer:** Average construction cost goes down to Rs. 1,700 per square feet.
- Rahul Jain:** And for project like Aalishan?
- Ashok Chhajer:** Aalishan will go to Rs. 3,300 square feet - Rs. 3,200 square feet, that is a very high technical product, not from beauty point but technically it is very strong product being 53 levels. The good thing about it that the major of the products that is affordable budget housing comprises of something around 45% to 50% of the total portfolio that is below Rs. 4,000 per square feet and it is as which we have the Rs. 250 of FSI, Rs. 4,000 of sales, Rs. 750 of construction, Rs. 2,000 as in cost, finance cost and administration marketing again around Rs. 2,500 so, there is a good question to for the sales perspective if 10% to 15% is reduced the company is earnings a good ROI on its investment.
- Moderator** Thank you. We will take the next question is from Sagar Karkhanis from Nirmal Bang. Please go ahead.
- Sagar Karkhanis:** A follow-up question, sir we have this project in Panvel and Khopoli, etc., so, is this largely a investment driven demand for the new international airport or is it also end user people who are actually buying it to stay there?
- Ashok Chhajer:** Truly it is both the airport Rs. 2,000 crores of work has already being awarded and to Gayatri Infrastructure Company is seeing up the initial ground leveling and etc., so, with the airport with the MTHL link where right now Mr. Narendra Modi had gone to the Japan for the

fletching of Rs. 6,500 for the Nhava-Sewri where city will be well more connected with the imports, and with the Delhi Metro Corridor, with four SPAs that is special planning authority working on the one making of the city Navi Mumbai. So, the government had notified in the last six months to more special planning authorities and dividing the area amongst themselves the Panvel Municipal Corporation, the newly formatted corporation. The MSRDC which is being led by Mr. Radheshyam Mopalwar, the competing one CIDCO by Bhushan Gagrani and then the NMSE so, you find one city where four special planning authorities headed by four major CEOs, CMD, MDs, etc., all the four are very energetic to take forward and challenging each other to make out a better PAT of the old city. I think Navi Mumbai is a very hot destination in the coming days.

Sagar Karkhanis:

Right. And sir, on this Jodhpur market, can you give some outlook on what are the demand drivers and how do you see the outlook going forward?

Ashok Chhajer:

Jodhpur as a total inbound population of 20 lakhs population in the city and it is surrounded by seven districts that is Pali, Barmer, Nagaur, Bikaner, and Jaisalmer and all the districts have an inward migration towards Jodhpur as a city of living because Jodhpur becoming the major city people do not want to study in the districts and small towns which are surrounding each other. There are life styles, there is an opportunities, there is education from ages as well as upgraded in the days to come, upgrading and upgraded also. So, Jodhpur is a core centric post for the Western Rajasthan and it is as such also now very good prominent and popular with the style of living, it has very good quality standard where today the skills of services classes are around Rs. 50,000 - Rs. 60,000 average and they can today match up to have only flats and apartments which are the segment which we are building becoming the largest apartment developer. Today this year we would be giving possession to something around 500 flats in Jodhpur and Navi Mumbai something around 600 flats to 700 flats. So, in total company would be giving possession to 1,200 flats in this financial year.

Sagar Karkhanis:

Sir, in Jodhpur is there any particular industry like textile or anything cement which is a job creator?

Ashok Chhajer:

It is majorly divided equally into textile, stainless steel utensil, guar gum product line, handicrafts, handicrafts it is also top charts also many times and agricultures, so agro as well as all these four industries are contributing a lot of economical growth, even people have started setting up their offices in Jodhpur if you see Anand Rathi their whole back office for Anand Rathi and Securities are over in Jodhpur, there are people because are setting up and backhand offices, IT offices also, there are petroleum companies who are having a full building set up in the city of Jodhpur as the petroleum refinery in the adjoining district Barmer would be the one of the major projects of Government of India which is yet to start. So, after the petroleum refinery it is told that at least 28% of the consumption of the country of petrol would be served

from the district Barmer which is just adjoining to Jodhpur and the refinery is at a distance of 75 kilometers from our project Arihant Adita.

Moderator: Thank you. As there are no further questions from the participants I now hand the conference over to Mr. Umesh Jhawar for closing comments.

Umesh Jhawar: Thank you, everybody for attending the conference call of Q2 FY 2017. Thank you so much, thanks a lot. Hereby by this we end the con-call.

Moderator: Thank you. On behalf of Arihant Superstructures Limited, that concludes this conference call for today. Thank you for joining us and you may now disconnect your lines.

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